

**TESTIMONY BY
THE PENNSYLVANIA STATE ASSOCIATION OF
TOWNSHIP SUPERVISORS**

**BEFORE THE
HOUSE COMMERCE COMMITTEE**

ON

HB 795

PRESENTED BY

**ELAM HERR
ASSISTANT EXECUTIVE DIRECTOR**

**JUNE 9, 2009
HARRISBURG, PA**

4855 Woodland Drive Enola, PA 17025-1291 Internet: www.psats.org

PSATS Pennsylvania Township News Telephone: (717) 763-0930 Fax: (717) 763-9732

Trustees Insurance Fund Unemployment Compensation Group Trust Telephone: (800) 382-1268 Fax: (717) 730-0209

Chairman Daley and members of the House Commerce Committee:

Good morning. My name is Elam Herr, and I am the assistant executive director for the Pennsylvania State Association of Township Supervisors. Thank you for the opportunity to appear before you today on behalf of the 1,455 townships in Pennsylvania represented by the Association.

Townships comprise 95 percent of the Commonwealth's land area and are home to nearly 5.4 million Pennsylvanians — 42 percent of the state's population. These townships are very diverse, ranging from rural communities with fewer than 200 residents to more populated communities with populations approaching 70,000 residents.

HB 795 would authorize local governments to electronically publish legal notices in place of newspaper advertisements. The Governor's Center for Local Government Services would maintain a list of the names of all websites used by local governments for this purpose, including a link to access them. We believe that the Internet provides a reasonable option to the current legal advertising requirements, would decrease the cost of advertising, and would reach more residents more quickly than newspapers of general circulation.

Currently, Pennsylvania's local governments must publish a large number of legal advertisements including public meeting notices, ordinances, the budget, and annual financial reports. Other items that require advertisement are requests for bids or proposals for the purchase of supplies, services, or construction; the sale of real or personal property; and any proceeding requiring public notification in accordance with the Pennsylvania Municipalities Planning Code. The required advertisements are necessary to inform the public of the actions of the municipality and to promote open government.

The number of legal advertisements placed each year and the amount spent on advertising varies by type and size of the local government entity. For example, a small, rural township may only need to advertise its public meetings, the budget, the audit report, and a few bid proposals each year. On the other hand, a larger, more densely populated municipality would need to advertise the same items as the smaller township, but would likely have quite a larger number of bid proposals, as well as ordinances, and numerous hearings on zoning and other land use issues.

According to the May 2006 Report by Penn State-Harrisburg, *Cost Savings on Mandatory Legal Advertising by Local Government Entities*, local governments spend more than \$26 million annually on required legal advertising. In fact, the City of Philadelphia paid close to \$4 million in newspaper ads during 2005. The average annual expenditure for legal advertisements depends on the size and location of a local government and may range from a few hundred dollars to tens of thousands of dollars.

Currently, local governments must place legal ads in paid daily or weekly newspapers of general circulation. Legal advertisement rates for daily and weekly

newspapers vary from region to region and can be very expensive. Generally, the cost of a four-inch advertisement varies from \$80 to \$300, but can range even higher as each newspaper sets its own legal advertisement rates. Budget and ordinance advertisements may cost about \$800 each and meeting advertisements may cost \$140.

Also, legal advertisements in subscription newspapers may not be the best way to inform residents of necessary information. The number of people who regularly read the legal section of the newspaper watching for ordinances and special meeting announcements may not represent a significant percentage of the total population of the township.

There are those who argue that authorizing local governments to place advertisements on the Internet will decrease public access to information. This contention is unfounded. HB 795 requires that municipalities notify the public by legal notice that advertisements will be posted electronically, provide locations where the Internet may be accessed to review the municipal website, and include contact information where the actual notice may be obtained. Furthermore, if newspapers are concerned that electronic postings will decrease public access to information, the newspapers may choose to print this information as news.

Many townships currently maintain a website where residents can readily access up-to-date information relating to township business more quickly than can currently be done through printed publications such as newspapers. A large number of these townships also post their entire meeting schedule for the upcoming year on their website. According to a survey conducted of our members this year, almost 70 percent of those who responded have their own website. This survey also found that, on average, 73 percent of township residents have access to computers and/or online services.

In closing, we believe that in addition to broadening the sources of available information, HB 795 would create competition for legal advertisements that could lead to lower prices, saving taxpayers money. We support any proposal that would allow more people to receive legal notices for a reduced cost to local governments, including advertising on local government websites and in community papers of mass dissemination.

Thank you for the opportunity to comment today. I will now attempt to answer any questions that you may have.

The Pennsylvania State University Harrisburg
School of Public Affairs

May 2006

John Crone, Jennifer Harding,
Erica Melton, Monica Minter & Daniel Stone

**COST SAVINGS ON
MANDATORY LEGAL
ADVERTISING BY LOCAL
GOVERNMENTAL ENTITIES**

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Cost Savings on Mandatory Legal Advertising by Local Governmental Entities

Statement of the Problem

In order to provide the public with information about various government activities, Pennsylvania traditionally has required that legal notices be posted in designated newspapers. This requirement allows the public to keep abreast of various government actions and items of interest (Martin, 2003). As a result, local governments are forced to spend a significant amount of money on newspaper advertisements to publish information on annual budgeting and financial reports, bids for supplies and equipment, government contracts, adoption of ordinances and resolutions, and public meetings and hearings. However, printed media is not the only vehicle that government can use to post information. Some governments at the state and local levels are providing information electronically via websites; however, this method of distribution is neither standardized nor comprehensive (Ryan, 1995).

According to *Editor & Publisher*, many newspapers are already adding public notices to their websites. In doing this, they hope to discourage amendments to the current laws mandating that legal advertisements be placed in newspapers. They want legislatures to view such initiatives as insignificant and, in fact, a moot point. Additionally, several newspaper groups have formed to create websites for public display of legal notices in an attempt to forestall a mandate requiring online legal notices (Robins, 2002).

Within this context, the Local Government Commission has entered into a collaborative effort with the Pennsylvania House of Representatives Legislative Office for Research Liaison (LORL) and the School of Public Affairs at the Pennsylvania State University Harrisburg to determine: (1) the average dollar amount spent annually by local governmental entities on mandatory advertisements;¹ (2) whether a cost savings would be realized if these local governmental entities were permitted to post legal notices on websites rather than in newspapers; and if so, (3) an estimate of future potential savings for these entities.

¹ For purposes of this analysis, local governmental entities include municipalities, school districts, counties, active municipal authorities, including transit authorities, housing authorities, and redevelopment authorities.

In the fall of 2001 and in 2002, the Judiciary Committee of the Pennsylvania House of Representatives conducted hearings on the question of costs and practices of legal notice publication by local governmental entities. (See House Resolution 110, Printer's Number 1219, of 2001.) According to Martin (2003), "The legislature's concerns about the costs and effectiveness of its usual practices in statutory notice are not unique to Pennsylvania. Nearly half of all of the nation's states not only reviewed the venues required for statutory notice, but made changes in those laws during the past two years" (p. 42).

One example of such a proposed change in law is in the state of New Jersey. Issenberg (2005) points out that the General Assembly (equivalent of the Pennsylvania House of Representatives) approved a bill in 2004 that made it mandatory for the government to post legal notices on county and municipal websites rather than in newspapers. New Jersey claims that roughly \$6-\$8 million a year would be saved by not publishing legal notices in print newspapers (Saba, 2004). Can Pennsylvania realize a cost savings if it enacted a similar bill and, if so, to what magnitude would this savings be?

Context of the Problem

The longstanding practice of posting public notices to inform the public of certain actions has been used by many governments. Since the very beginning of the nation, notices to the public via the printed media have been used by both the state and federal governments (Martin, 2003). The commonly used rationale for posting public or legal notices in newspapers is that the printed media is easily obtainable by both the government and the public. In addition, the newspaper format is a very stable medium when dealing with records and evidence (Martin, 2003).

Legislation mandating public notification by the federal legislature first appeared in 1789. The *Acts of the First Session of the First Congress* required the Secretary of State to "publish in at least three of the public newspapers printed within the United States every bill, order, resolution, vote of the houses of Congress, as well as presidential objections of these actions so that the public might know what their government was doing" (Martin, 1999, p. 59). These notices, sometimes called legal notices or legal advertisements, are also required by various statutes of state and local governments. In 1929, Act 587 (P.L. 1784) was enacted to require

Pennsylvania and all of its local governments to publish legal notices in newspapers (Martin, 2003).

Since the time of these mandates, society has experienced a multitude of technological advancements, one of which was the creation of the World Wide Web and the Internet. According to the website, www.internetworldstats.com, 68.1% of households in the United States have access to the Internet and the growth rate of households that have access to the Internet was 113% from 2000 to 2005. It might seem a natural transition to now allow governmental entities to publish legal notices on the Internet rather than in newspapers as the Internet is easily accessible and available to most of the public. One could argue that local governmental entities would reach more constituents and reduce advertising costs, while those interested in such information would no longer have to purchase newspapers for access.

This issue is currently being addressed by many localities. In several instances, local and state governments are making the argument that a significant cost savings could be realized if they were not required to advertise in the printed media. According to supervisors of Racine County, Wisconsin, the county could save \$60,000 a year if it were to create an exemption to a state statute allowing it to forego publishing public notices in a newspaper (Fitzgerald, 2003). New York's Rockland County has already made changes; it no longer requires that the full text of legal notices be placed in newspapers, but rather that abbreviated newspaper notices be published and full-length notices be posted on the county's website. Rockland County reports that at least \$157,000 was spent from 2000 to 2005 on advertising in newspapers, and it expects to realize a substantial cost savings (Outing, 2006).

Examples can be given of state legislatures that have recently challenged the status quo, including comprehensive legislation in several states that would effectively end or drastically reduce newspaper advertising requirements. For purposes of illustration in Table 1, Michigan, Minnesota, and North Carolina already have passed such laws, although these particular statutes do not apply to all legal notices issued by all local governments statewide. Georgia and New Jersey each has a bill that has been passed by its House of Representatives. Of the remaining states, five (Delaware, Kansas, Kentucky, South Carolina, and Wisconsin) had bills that died in committee, and two (Louisiana and Vermont) have bills that are still in committee.

The legislation in four of the states (Michigan, Minnesota, New Jersey, and South Carolina) requires that abbreviated newspaper legal notices be published directing the reader to their respective websites for details of the legal notices. The bills in Delaware and Georgia are also worth noting, as

they require the creation of a state website for the specific purpose of posting all legal advertisements.

While no legislation has been officially introduced in Ohio, this state has created a task force, the Local Government Public Notice Task Force, to study the public notice requirements. The task force was established to determine if public notices are still needed and if there are other ways to fulfill the requirements, such as by the use of media or technology other than currently mandated. The task force is then to determine whether any changes to the current revised code would enhance public availability and provide cost savings to local governments.²

The latest legislative efforts tend to target official notices posted by government, not those from private-sector legal activity like small businesses compelled to publish announcements of their incorporation. (It is not clear how much of the legal-notice business comes from governments mandated to buy ads.) In the cases where statewide fiscal information is available (Kansas and New Jersey), the proponents claim that a significant cost savings could be realized.

² The task force is comprised of 22 members, including two members from the State House, two members from the State Senate, a representative from the governor's office, one other elected county officer, and one representative of a large daily newspaper.

Table 1: Recent Public Notice Legislation³

State ⁴	Bill No(s).	Introduced By	Date of Introduction	Partial ⁵ or Full Coverage	Required or Optional Web Publication	Requires Newspaper Ad Citing URL	Estimated Cost Savings	Current Status
DE	98	Senate	2005	Full	Required	No	N/A	Died
GA	833	House	2005	Partial	Required	No	N/A	Passed House, in Senate Committee
KS	2085	House	2003	Full	Optional	No	\$1.5 million ⁶	Died
KY	375	House	2005	Partial	Required	No	\$721,050/yr ⁷	Died
LA	8	House	2006	Partial	Optional	No	\$109,500/yr ⁸	In House Committee
MI	928	Senate	2004	Partial	Optional	Yes	N/A ⁹	Signed into law (2004)
MN	2270	House	2003	Partial	Optional	Yes ¹⁰	N/A	Signed into law (2004)
NC	425	Senate	2003	Partial	Optional	No	N/A	Signed into law (2003)
NJ	2988	Assembly	2004	Full	Optional	Yes	\$6-8 million	Passed Assembly, in Senate Committee
SC	3626	House	2005	Full	Optional	Yes	N/A	Died
VT	639	House	2005	Partial	Optional	No	N/A	In House Committee
WI	35	Assembly	2005	Full	Optional	No	N/A	Died

³ A special note of appreciation is extended to Jason Christie (Vice-President of E-notices.com), Dr. Shannon Martin, and the National Conference of State Legislatures for assistance in researching recent public notice legislation.

⁴ This table does not include an exhaustive list of states with recent legal advertising via web legislation; it is provided for illustrative purposes.

⁵ Partial coverage means that only certain types of public notices, types of local governments, or geographic regions of the state are covered in the bill.

⁶ According to the Fiscal Notes for this bill, only cost savings would be realized by local governments. The Office of Judicial Administration asserts that this bill will have no effect on any state fund (Kansas Legislature Bill Information).

⁷ This bill would allow posting for municipalities. This estimate of cost savings is the combined estimate for cities and counties (Kentucky Legislative Research Commission).

⁸ There is an anticipated decrease in expenditures as discussed in the Legislative Auditor Fiscal Note. This estimate was calculated by adding annual expenditures for the 2005 fiscal year (Legislative Auditor Fiscal Note).

⁹ According to the Fiscal Notes, this bill will have no effect on local government revenue but could reduce local government expenditures by an unknown amount (Michigan Legislature Bill Information).

¹⁰ For the first six months.

However, there are several stakeholders that have vested interests if Pennsylvania were to propose such a mandate. The most obvious one, local newspapers, could lose revenue by the reduction or elimination of legal advertising. According to Issenberg (2005), legal notices are an \$800 million industry, nationwide. Last year, the city of Philadelphia paid close to \$4 million to inform citizens of its activity through newspaper ads (Issenberg, 2005). Phil Goldsmith, former Philadelphia Managing Director, claims that the city buys more space for public notices than necessary (Issenberg, 2005). This speaks to a possible issue that those with a vested interest in the newspaper industry may be very concerned with the potential loss of revenue.

In addition to stakeholder considerations, there may be potential unintended consequences of such an action. Some opponents may claim that municipalities which do not have websites would have to expend a significant amount of money to create and maintain these sites. For instance, Dan Simon, publisher of the Olaihe Daily News, claims that hosting websites could eat up any cost savings gained by not advertising in newspapers (Fitzgerald, 2003). If true, this would reduce or even negate the utility of amending legal advertising mandates. If such a mandate were to be amended, it might need to be implemented in a phased approach to allow local governmental entities without websites an opportunity to locate the capital required to develop their own site, locate a host site, or partner with other agencies that already have their own site (unless, of course, a state website is provided for legal advertising purposes). Another alternative would be to supplement website start-up costs with state monies.

With the foregoing information in mind, the current project will engage in research to calculate an estimated dollar amount of potential savings or losses to local governmental entities in Pennsylvania that would result from a change in legislation allowing agencies to post legal advertisements on websites rather than in newspapers.

Methodology

This study utilizes two surveys to gather pertinent information. The first is a mail survey of local governmental entities in Pennsylvania, primarily conducted to determine the amount of money currently being spent on legal advertising costs. The survey was designed and administered by the Local Government Commission staff, with assistance from LORL, in

February and March 2006. Questionnaires were mailed on February 26, 2006, with a deadline for submission of March 20, 2006. Commission and LORL staff inputted data from the questionnaires via a temporary website established for this purpose through the generosity of the Legislative Data Processing Center. A template for inputting data utilizing demographic information from the Pennsylvania Department of Community and Economic Development (DCED) was provided by LORL. Questionnaires returned after March 29, 2006, were not included in the analysis. The questionnaire asked respondents to list the total amount of expenditures their entities incurred on legal advertising costs over the past three years. It also collected information on website availability, website construction costs, annual costs of website maintenance, and the preferred method of online legal advertising. All local governmental entities in Pennsylvania were included in the study; a total of 56 cities, 962 boroughs, 91 first class townships, 1,456 second class townships, 66 counties, 501 school districts, 1,547 active local authorities (e.g., sewer, water, parking, transit, and other local authorities), and 114 housing and redevelopment authorities were included for a total mailing of 4,793 questionnaires.^{11,12} A week before the questionnaire was mailed, respondents received a prenotification letter, prepared by the Local Government Commission, explaining the project and requesting cooperation.

In addition to this survey, members of the research team contacted, by telephone, two state agencies and the seven local government associations that represent municipalities, counties, and municipal authorities. These interviews were intended to establish estimates of website start-up expenses, annual maintenance costs, and member fees (annually and/or on a per advertisement basis), should the organization decide to provide legal advertising web services to local governmental entities within their purview. These respondents also received a prenotification letter one week prior to contact.

The data from these surveys provided the information needed to conduct a cost/benefit analysis, or more specifically, to determine: (1) the average dollar amount spent annually by local governmental entities on mandatory advertisements; (2) whether a cost savings would be realized if local governmental entities were permitted to post legal notices on county and municipal websites rather than in newspapers; and if so, (3) an estimate of future potential savings for these entities. Survey results are presented below, along with a detailed analysis of the findings.

¹¹ It was not feasible to select a sample of local governments; the effective sample size for each subgroup given a 95% level of confidence and 25% predicted rate of response would have exceeded the actual population size.

¹² For purposes of this study, data submitted by Philadelphia were included under the category of "cities."

Results

Over half of the local entities responded to the mailing; 2,608 of the 4,793 questionnaires were returned for a response rate of 54%. This remarkable level of cooperation exceeded our most optimistic expectations; LORL's previous experience with local government surveys predicted a much lower rate of response (approximately 25%). However, not all types of local governmental entities were equally responsive. As shown in Table 2, townships were the most responsive (62% and 65%), while authorities yielded the lowest rates of response (41% and 43%).

Table 2: Response Rates by Local Government Subgroup

Subgroup	Total Population	Total Returned	Response Rate
Second class townships	1,456	943	65%
First class townships	91	56	62%
Cities	56	34	61%
Boroughs	962	572	59%
School districts	501	281	56%
Counties	66	37	56%
Housing and redevelopment authorities	114	49	43%
Local authorities	1,547	636	41%
Statewide	4,793	2,608	54%

On the questionnaire, respondents were first asked to list the total amount of expenditures their organization incurred on legal advertising costs over the past three years.¹³ As Table 3 displays, there are substantial differences in total expenditures across local government subgroups. For instance, while each county spent an average of \$164,213 on legal advertising costs over the past three-year period, individual local authorities only spent \$13,099.

There is also great variance in three-year expenditure totals within the subgroups themselves. This can be seen by examining the descriptive statistics in Table 3. For most of the subgroups, there is quite a large standard deviation, range, and gap between mean and median values. Upon further examination, the presence of several outliers (extraordinarily large values) was discovered in most of the subgroups. This is most likely linked to a number of related factors, including: (1) population, where local governmental entities with larger constituencies (e.g., Philadelphia City) spend more on legal advertising costs than those with smaller constituencies (e.g., Lock Haven City); (2) the number and size of advertisements; and (3) the costs of advertising in “big city” versus “small town” newspapers.

¹³ Respondents were told that “legal advertising costs include publication of meeting notices, public hearings, budgets, financial statements and annual audits, ordinances and resolutions, and all other items that are required by law to be published in a newspaper of general circulation by a municipality, county, school or local authority, and by all offices, departments, boards, commissions and other divisions and branches of these entities.”

Table 3: Descriptive Statistics: Three Year Cumulative Expenditures on Legal Advertising by Local Government Subgroup

Subgroup	Expenditures on Legal Advertising in the Past Three Years			
	Mean	Median	Standard deviation	Range of values
Counties	\$164,213	\$84,279	\$177,936	\$735,000
First class townships	\$27,878	\$21,784	\$21,934	\$96,558
Cities	\$219,082	\$20,305	\$1,024,687	\$6,007,435
School districts	\$22,743	\$15,566	\$24,454	\$250,895
Housing and redevelopment authorities	\$26,722	\$11,454	\$65,932	\$455,831
Boroughs	\$11,344	\$4,545	\$58,546	\$986,435
Second class townships	\$7,744	\$3,232	\$11,667	\$109,000
Local authorities	\$13,099	\$1,279	\$130,569	\$2,756,868
Statewide	\$17,219	\$3,777	\$140,445	\$6,008,262

Note. Figures are rounded to the nearest whole dollar amount.

One major purpose of this research is to determine the average dollar amount spent annually by local governmental entities on mandatory advertisements. To account for the drastic differences between and within subgroups, the following steps were taken when using the survey responses to calculate an estimate of statewide costs: (1) each local government subgroup was divided into four groups based on total population;¹⁴ (2) the average three-year expenditure was calculated for each subgroup population category; (3) these mean values were used to estimate the total amount spent by all local governmental entities in that population category; and (4) estimates were totaled to arrive at a statewide estimate of legal advertising expenditures in the past three years. This process is further illustrated by Figure 1. Table 4 displays the total costs

¹⁴ Excluding authorities which did not have population estimates. For these subgroups, the mean of the entire subgroup was used to project total expenditures in that subgroup.

in each subgroup, as well as the statewide total. Overall, local authorities incurred the most legal advertising costs (\$20,264,153), while first class townships incurred the least (\$2,476,308).

Figure 1: Calculating a Statewide Estimate of Cumulative Three Year Legal Advertising Expenditures

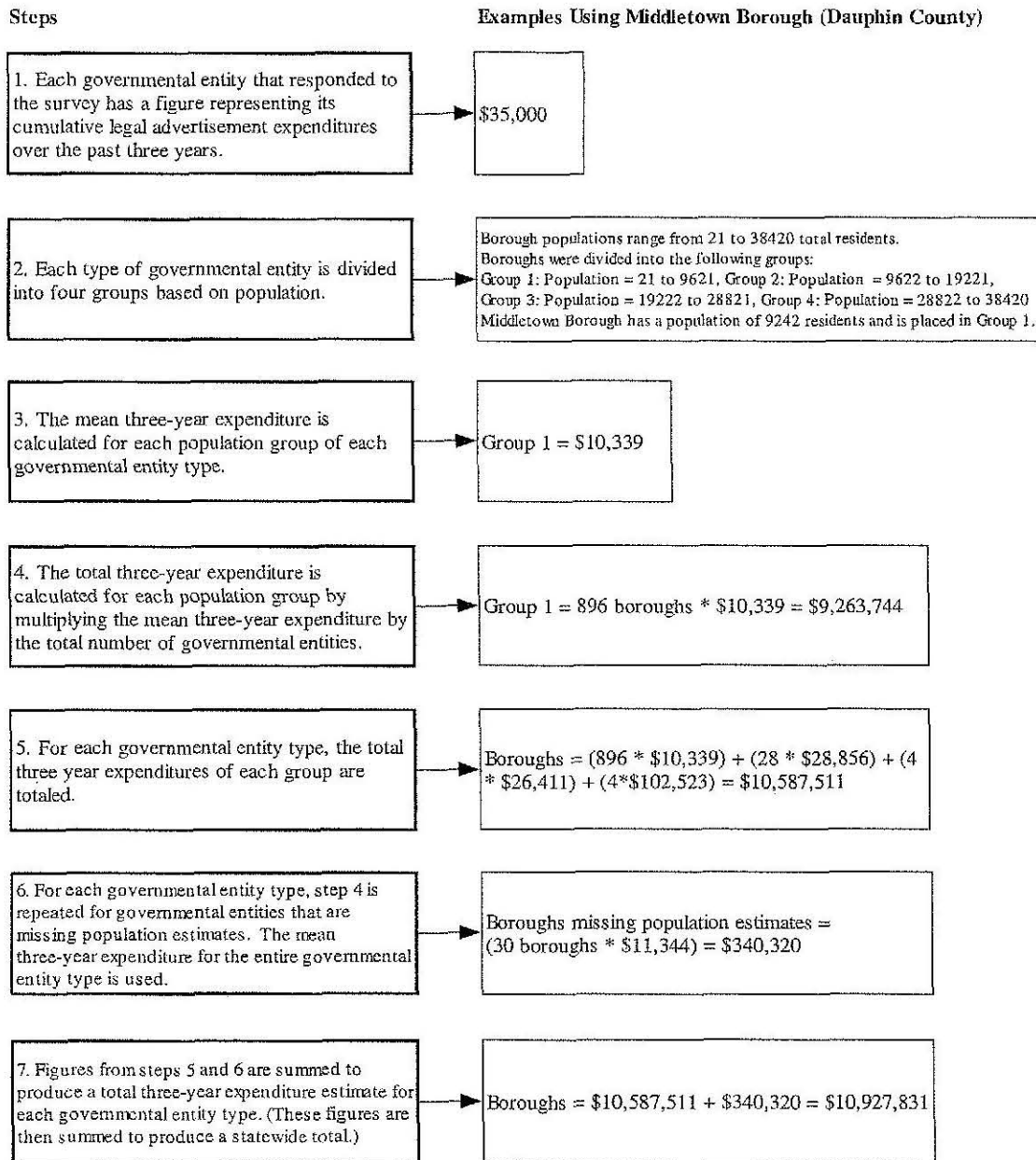


Table 4: Three Year Cumulative Expenditures on Legal Advertisements by Local Government Subgroup

Subgroup (total number)	Expenditures on Legal Advertisements	
	Total 3 year expenditures	Average amount per year
Local authorities (1,547)	\$20,264,153	\$6,754,718
Counties (66)	\$11,176,283	\$3,725,428
School districts (501)	\$11,272,983	\$3,757,661
Boroughs (962)	\$10,927,831	\$3,642,610
Second class townships (1456)	\$10,765,459	\$3,588,486
Cities (56)	\$8,848,651	\$2,949,550
Housing and redevelopment authorities (114)	\$3,046,308	\$1,015,436
First class townships (91)	\$2,476,308	\$825,436
Statewide	\$78,777,976	\$26,259,325

Note. Figures are rounded to the nearest whole dollar amount.

The ultimate research question of interest asks: Can a cost savings be realized if local governmental entities were permitted to post legal notices on websites rather than in newspapers; and if so, how much will this amount be? Obviously, the amount of money local governmental entities would need to spend on website construction and maintenance is an important consideration. The mail survey explores this issue by asking respondents: (1) whether they have a website; and if so, (2) how much it cost to develop; and (3) how much it costs annually to maintain.¹⁵ Statewide, 43% of respondents claim to already have a website. However, this percentage varies across local government subgroups. Table 5 displays these values, as well as the average website construction and maintenance costs as reported by those entities with websites.

¹⁵ Respondents were instructed to “include, among other things, labor, purchase of domain name, costs for constructing and maintaining website, cost of hosting service.”

Table 5: Website Ownership and Costs by Local Government Subgroup

Subgroup	Percent with website	Average cost to construct website	Average annual cost of website maintenance
School districts	99%	\$7,334	\$4,033
Counties	97%	\$6,706	\$4,605
Cities	76%	\$7,713	\$1,942
First class townships	75%	\$3,456	\$2,338
Boroughs	41%	\$810	\$492
Housing and redevelopment authorities	37%	\$3,411	\$286
Second class townships	34%	\$1,436	\$572
Local authorities	28%	\$3,232	\$1,248
Statewide	43%	\$3,458	\$1,733

Note. Figures are rounded to the nearest percent or whole dollar amount.

Taking these costs into consideration, local governmental entities in Pennsylvania conceivably would have saved about \$70 million in the past three years if legal advertising were done on individual local government websites rather than in newspapers. This figure was calculated by subtracting website construction costs and three-year maintenance costs (Table 5) for local governmental entities currently without websites, from the three-year legal advertising expenditures reported in Table 4.¹⁶ Table 6 displays these cost savings by local government subgroup.

¹⁶ These figures do not take into account any additional costs of website expansion and maintenance that may accrue as a result of legal advertising activity by those entities that already have websites. Because these costs typically are incremental, they are difficult to ascertain. They are not included in the data and calculations provided in this report. One might reasonably conclude that these additional costs for expanding and maintaining existing websites would not have a substantial impact on the overall cost savings to municipalities, in general, with regard to Internet advertising; however, this cannot be stated categorically.

Table 6: Possible Cost Savings from Legal Advertising on Individual Local Government Websites rather than in Newspapers, by Local Government Subgroup

Subgroup	Possible Cost Savings	
	Total 3-year savings	Average savings per year
Local authorities	\$16,659,961	\$5,553,320
Counties	\$11,135,241	\$3,711,747
School districts	\$11,175,818	\$3,725,273
Boroughs	\$9,629,383	\$3,209,794
Cities	\$8,672,644	\$2,890,881
Second class townships	\$7,736,387	\$2,578,796
Housing and redevelopment authorities	\$2,799,858	\$933,286
First class townships	\$2,235,498	\$745,166
Statewide	\$70,044,790	\$23,348,263

Note. Figures are rounded to the nearest whole dollar amount.

Additional options for local governmental entities include allowing legal advertisement posting via websites maintained by state departments (e.g., DCED, Pennsylvania Department of Education (DOE)) or statewide associations (e.g., County Commissioners Association of Pennsylvania, Pennsylvania State Association of Boroughs, Pennsylvania State Association of Township Supervisors, Pennsylvania State Association of Township Commissioners, Pennsylvania League of Cities and Municipalities, Pennsylvania School Boards Association, Pennsylvania Municipal Authorities Association).¹⁷ In an effort to assess expenses that would be associated with this alternative, these agencies and associations

¹⁷ More respondents favor utilizing statewide associations (56%) rather than state departments (44%) for this purpose.

were contacted individually by telephone.¹⁸ Information was requested for the purpose of estimating initial start-up costs that would be incurred by each association and DCED and DOE, annual costs for maintaining such a service, and if an annual fee would be charged to employ this service. While responses suggested willingness on the part of all of the associations to offer their websites as an advertising alternative to their memberships, a clear estimate of costs associated with implementation and maintenance of these services could not be gauged.¹⁹ A number of the associations and DOE suggested that more information would be necessary prior to making estimates with any degree of certainty. As a result, cost savings that would result from permitting state departments or statewide associations to be an advertising alternative for mandated legal advertising by local authorities will require additional investigation. However, one can reasonably assume that the associated cost savings would not be less than, and would most likely be greater than, those estimated in Table 6 as each local government would not be required to own and maintain a website.

Conclusion

The following issues were addressed in the research: (1) the average dollar amount spent annually by local governmental entities on mandatory advertisements; (2) whether a cost savings would be realized if local governmental entities were permitted to post legal notices on websites rather than in newspapers; and if so, (3) an estimate of future potential savings for local governmental entities.

The data clearly suggest that, on average, local governmental entities possibly expend over \$26 million on legal advertising per year. The data also suggest that there may be a substantial cost savings per year of approximately \$23 million if local governmental entities were permitted to

¹⁸ DCED, DOE, and the municipal associations were informed by letter, dated February 17, 2006, and signed by the executive directors of the Local Government Commission and LORL, that they would be contacted by the authors of this analysis and report.

¹⁹ Of the two state departments and seven associations surveyed, only one association was able to provide estimates for the implementation and maintenance of providing website posting services for its membership. We would like to extend our appreciation to the Pennsylvania State Association of Township Supervisors (PSATS). PSATS submitted information that suggested an initial start-up cost of \$1,600, annual maintenance cost of \$1,600, and a fee to members on a per advertisement basis of \$5 per 37 characters.

post legal notices on websites rather than in newspapers. It is interesting to note that this figure is significantly larger than New Jersey's (\$6-8 million) and Kansas' (\$1.5 million) estimates of cost savings. Besides methodological differences, other possible explanations are the differences in numbers of local governmental entities and the advertising requirements among the states.

After review of the data and the corresponding analysis of the results, it would seem that the various governmental entities in Pennsylvania would benefit if the Pennsylvania legislature were to amend Title 45 (Legal Notices) of the Pennsylvania Consolidated Statutes to allow legal advertisements to be posted online and repeal the requirement to post in newspapers. The cost savings potential is substantial, even after accounting for website construction and maintenance costs. One could safely conclude that there would be potential for significant cost savings if such an option were provided.

There are various ways to structure such legislation; further research should be conducted to investigate the pros and cons of the many variations devised by other states. For example, will local governmental entities rely on individual websites, statewide association websites, a state website, or some combination of these options? Individual websites will probably be the most expensive alternative, depending on the fee that statewide associations would charge local governmental entities for such services. Perhaps the idea of a state-provided website should be considered particularly for smaller entities without the financial means to construct their own websites. Legal advertising monies that are currently being spent by local entities could instead be channeled to the state department in charge of maintaining the website.

Will web publications be required or optional? If local governmental entities are required to post legal advertisements on their own websites, there may be a considerable amount of backlash from those that do not currently have a website and that typically spend a rather small amount of money on newspaper notices. Take, for example, a small township in Tioga County that reportedly spent only \$135.55 on legal advertisements in the past three years. If this option were chosen, the data suggests they would be forced to spend over \$1,400 to construct a website and over \$500 each year to maintain it. Clearly, the potential cost benefits of this alternative are not equally distributed among local government entities. Could there be a shortened version of an ad published in a newspaper directing readers to a website with a complete version? This may make the plan more feasible politically, but it will also reduce the amount of potential costs savings as estimated in this report. Local entities would still be required to purchase space in newspapers, albeit much less than that currently mandated.

Regardless of if and how the legislation would be drafted, it is clear that Pennsylvania has an opportunity to realize significant cost savings by allowing agencies to advertise on websites rather than in the printed media. Although the data suggests that there may be a cost savings of over \$23 million per year, it is important to keep in mind the limitations of this figure. Estimates based on survey data inevitably contain some margin of error; this case is no exception. It is possible that a thorough reanalysis, conducted after the first one or two years of implementation, will show a cost savings figure somewhat different from the one provided here. It might be more or less, depending on which of the above alternatives are adopted.

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